

PERMIT CHRONOLOGY

Sunshine Mining Company (SMC) M/049/009

"Christmas Eve"
(December 24, 1991)
(last revised December 1, 1997)

August 10, 1981	SMC files NOI for Burgin Project with the Division dated August 6, 1981. Project is for exploratory development of underground access to ore body.
October 6, 1981	Initial review of SMC's mining plan with deficiencies noted.
October 13, 1981	Letter from Environmental Management Services Company. Enclosed is revised revegetation plan to replace original.
October 20, 1981	Copy of letter from Utah Power to SMC regarding "raptor protection" in construction of Apex #2 mining operations.
October 21, 1981	Suggested seed mix sent to SMC.
November 27, 1981	Memo to file documenting meeting held November 13, 1981 to discuss problem areas identified in the review sent 10/6/81.
December 2, 1981	Letter sent to SMC with proposed test plot scheme.
January 18, 1982	Letter sent to Utah State University Extension enclosing information to aid in solving the acid problem associated with the waste rock storage pile.
February 4, 1982	SMC submits a revised NOI for the Burgin Project (dated Jan. 1982). This supersedes the August, 1981 submission. Project calls for deepening Apex Standard No. 2 shaft and developing a new drift for access to the Burgin ore body. Exploration at this site began in 1980 under a separate notice with the Division.
February 5, 1982	Letter sent to SMC informing them of the progress made in addressing the lime problem (reply expected by February 7th) and clarifying statement in November 27, 1981 memo (variance request response clarified).
April 13, 1982	Memo to file regarding site visit of March 31, 1982. The purpose of the visit was to assist in establishing test plots, pursuant to variance request.
April 16, 1982	Review of Revised NOI submitted in January 1982 sent to SMC. A few areas remain to be addressed.

April 26, 1982	Letter from SMC with copy of memo regarding test plots attached. Test plots had been staked out and treated with lime. All 12 test plots were seeded on April 6, 1982.
May 11, 1982	Letter from SMC addressing the deficiencies to DOGM's review of NOI.
May 17, 1982	Division seeks Board concurrence to issue tentative approval to this mine operation, after nine months of review. Executive Summary, location map and bond estimate attached.
July 19, 1982	Letter to SMC. Thirty-day <u>public</u> notice period has expired as of July 12, 1982. No adverse comments received. Bond form (MR-5) sent. Once received the Division will issue final approval letter.
September 24, 1982	Memo to file, regarding site visit of September 2, 1982, wherein DOGM inspected test plots.
September 30, 1982	Received SMC's surety bond for \$67,572 from Industrial Indemnity Company.
October 4, 1982	Final approval of Burgin project. Surety estimate was for 2.80 acres at \$67,572 in 1988 dollars. The project life is estimated at 3 years plus 3 years until reclamation release.
February 6, 1984	Division received SMC's amended NOI. Amendment first included the Trixie mine shaft (Feb. 1984) and later included the Hunter shaft (to be constructed), Burgin mill site facilities, tailings pond (to be constructed) and settling ponds for mine water (Oct. 1984).
August 1, 1983	Memo to file regarding July 29, 1983 site visit to test plots. Vegetation cover transect was done in each of 12 plots. Report of results will be written later.
September 15, 1983	Letter from HMC Mining Inc informing us that SMC has reactivated Apex #2 Shaft. Work on site began September 6, 1983 and shaft sinking operations should commence in early October.
October 3, 1983	Memo to file regarding results of July 29, 1983 test plots site visit. Reclamation will be possible at this minesite. The application of mulch should be discontinued except when combined with lime and fertilizer in the acid waste rock condition. Fertilization appeared beneficial in all conditions.
February 6, 1984	Amendment received to include the Trixie mine in the Burgin permit.

SMC acquired HMC Mining Company in May, 1983. HMC Mining had previously acquired the assets of Kennecott in the Tintic Mining District. As a result of these transactions, SMC is now the operator of the Trixie mine. Reclamation costs attached; bond will need to be increased by \$33,700.

February 9, 1984	Request for Annual Operations and Progress Report to be submitted by March 15, 1984.
March 14, 1984	Annual Operations and Progress Report received.
April 16, 1984	Review of Amended NOI sent to SMC. Additional documentation regarding SMC's current use of HMC's and KCC's facilities need be to submitted. The disclaimer provided in the Burgin mining and reclamation plan, section 30, will no longer apply unless it is further defined in accordance with recent developments. This may entail amending the mine plans to include all facilities being used in any capacity for SMC's mining operations. It is recommended a meeting be held to resolve misunderstandings concerning SMC's use of pre-existing facilities.
No date:	Pay Dirt Magazine article. Exxon joining activity in Utah's historic Tintic District.
May 21, 1984	Received Notice of Cancellation from Industrial Indemnity Company for SMC's \$67,592 bond. Cancellation to be effective 90 days from this notice.
June 1, 1984	Letter from Arthur L. Owen Company. They are the current insurance agency for SMC - They need to replace SMC's current bond by July 29, 1984. Requests bond form.
June 4, 1984	Bond form sent to Arthur L. Owen Company.
No date	Pay Dirt Magazine article. Sunshine continuing development work at Tintic properties.
July 30, 1984	Received SMC's bond in the amount of \$67,472 from Travelers Indemnity Company.
August 3, 1984	Reclamation Bond returned to Arthur L. Owen Company in order to affix corporate seal on page two.
September 14, 1984	Received letter from Chief Consolidated Mining Company. As owners of the property (including the Tintic Unit) leased to SMC,

terms and conditions in the event SMC should abandon their leases outlined.

September 18, 1984	Response to DOGM's 4/16/84 letter regarding SMC's amended NOI. A meeting was held in June 1984 to discuss deficiencies. The Division agreed that if SMC continued to make good faith efforts to obtain required state approval, the Trixie Mine would be allowed to operate in the interim. Additional information attached.
October 9, 1984	Received SMC's completed bond.
October 26, 1984	Letter from Joseph M. Jarvis, Biologist, thanking DOGM for attending field tour of SMC's operations last week. Based on discussions from the tour several changes to the application and additional data are enclosed.
December 14, 1984	Letter from Joseph M. Jarvis enclosing additional information.
December 14, 1984	Division issued tentative approval to SMC amendment. Amended surety estimate is \$737,000 in 1995 dollars.
December 20, 1984	Letter to The Provo Daily Herald with "Order to Show Cause" of Notice of Tentative Approval attached. Notice to be published once only by December 25, 1984.
December 24, 1984	Letter from SMC enclosing updated average summary of all permit area acreages and revision of the reclamation cost tables. Reclamation Estimate for Trixie, Hunter, Burgin, Tailings, Settling - \$284,280
December 28, 1984	Letter to SMC. Tentative Approval Decision was made on December 14, 1984. The 30-day public comments period will expire on January 25th. If no adverse comments have been received Final Permit Approval may be given. The seven stipulations contained in the Order to Show Cause will be come stipulations to the final permit, unless they are adequately addressed in the interim period. A new cost estimate has been prepared based upon SMC's 12/21/84 information. This estimate does not include a bond amount for sealing the Trixie Shaft. Either SMC or the land owner must bond for the shaft before Final Approval can be granted. The existing bond for the Apex Shaft has been consolidated into the bond estimate. Once the revised bond has been received and accepted by the Division, the bond for the Apex Shaft will be released.
January 7, 1985	Memo to Board with Executive Summary attached. The surety bond required is \$737,000

January 8, 1985	Request for Annual Report sent to SMC.
January 31, 1985	Letter from SMC responding to 1/24/85 meeting. Enclosed is additional information regarding 12/14/84 amended application.
January 31, 1985	1984 Annual Report received from SMC.
February 6, 1985	Letter to SMC acknowledging receipt of annual report.
February 25, 1985	Letter to SMC responding to January 16 and 28 letters. Information is sufficient. All that remains before final approval can be granted is receipt of the surety bond.
March 22, 1985	Certified letter to SMC. Bond has not been received. SMC has been operating the Trixie Mine without a permit since it acquired the property. The Division allowed this to occur since SMC was working with DOGM in putting together a Mining and Reclamation Plan. At this point, it appears that SMC is not longer showing a good faith effort to finalize the permit. The Division has no choice but to take the issue to the Board of Oil, Gas & Mining and ask for a determination of whether or not the Trixie Mine should be allowed to continue to operate without a permit, unless SMC posts the required bond within the next month.
April 2, 1985	Letter from SMC. Closing the Kennecott Smelter at Magna has forced SMC to alter the operation of the Trixie Mine. Prior to the closing of the smelter, all ore produced from the Trixie was shipped to Kennecott for use as flux in the smelter. To keep the Trixie in production and market the metals, SMC will be required to mill the ore into concentrate, which will require a tailings disposal facility. Application for a permit to Construct and Operate Tailings Ponds 1, 2 and 3 for the Trixie Mine submitted. SMC later amended this to include pond 4. Ponds 2, 3, and 4 were used as settling ponds for mine water discharge when the Burgin mill was operating previously.
April 8, 1985	Copy of letter from Arthur L. Owen Company to SMC confirming conversation. Kennecott Metals Corp, currently has an open purchase arrangement with SMC. Kennecott is a division of British Petroleum and Sohio. This is a temporary arrangement. Long-term contracts, estimated length - 1 year, are currently being negotiated with Asarco and Cominco. The State has granted an extension on the deadline of bond? to April 9th - granted by Susan Leonard, Supervisor.
April 15, 1985	Letter from SMC responding to DOGM 3/23/85 letter that bond has not been received. Bond will be submitted before the April Board.

April 23, 1985	Received SMC's bond in the amount of \$737,000 from Aetna Casualty and Surety Company.
April 25, 1985	Certified letter to SMC. Bond returned as incomplete (six deficiencies noted). As SMC did make effort to submit bond, it will not be brought to the April Board. However, if not received back within 10 days it will be put on the next Board Hearing agenda.
May 9, 1985	Letter to SMC enclosing an "Affidavit of Qualification" for the Burgin Mine bond. Please sign, notary, stamp & date and return this page to the Division.
May 20, 1985	Review letter sent to SMC regarding 4/4/85 plan to construct tailings ponds for the Burgin Mill. Plan is deficient.
May 22, 1985	Letter from Arthur L. Owen Company. Original Affidavit of Qualification enclosed.
June 3, 1985	Letter sent Arthur L. Owen Company, sending copy of reclamation bond. Division acknowledges copy of \$737,000 bond.
June 3, 1985	SMC amends application to construct and operate Trixie tailings ponds 1, 2, 3, and 4. Ponds 2, 3 and 4 are immediately SW of the Burgin #1 shaft. Pond 1 is NE of the Burgin #1 shaft.
June 3, 1985	Received letter from JBR Consultants responding to Division 5/20/85 review letter.
June 4, 1985	Received letter from SMC regarding the Division's 5/20/85 review letter. SMC is very upset with our review - saying it is "nit-picky". SMC is in a bind because Kennecott closed the smelter. The area only involves @3 acres of area already inside the permit area. A reply from JBR Consultants should be submitted on June 4, 1985.
June 12, 1985	Division letter approves of the April 2, 1985 Trixie tailings ponds 1, 2, 3 and 4, modifications with stipulations. The stipulations required SMC to submit an accurate map of the disturbed area boundaries and provide an addendum to Exhibit A of the surety. This addendum was to describe and include these areas in the disturbed area.
June 17, 1985	Letter from Arthur L. Owen Company requesting written verification for the release of bond in lieu of new bond filed 4/23/85.
June 21, 1985	Letter sent to Arthur L. Owen Company giving authorization to release \$67,572 bond which has been replaced.

August 7, 1985	Division receives copy of August 5, 1985 letter from Department of Environmental Health (DEH) to SMC. Letter cites deficiencies in design plans for Trixie tailings ponds and the unapproved construction of pond #4. Additional information is requested by DEH.
August 29, 1985	Received copy of August 23, 1985 Notice of Violation, Order to Cease and Desist, and Order for Information issued by DEH to SMC. Representatives from Bureau of Water Pollution Control (BWPC) and the City-County Health Department inspected the Trixie mine tailings pond #4 August 21, 1985, and found the pond to be in use. The pond was not constructed according to the regulations.
November 7, 1985	Received SMC's final report regarding the test plot program located at the Apex Shaft site.
December 17, 1985	SMC submits application for permit to construct and operate tailings ponds A, B and C for Trixie mine. Ponds A, B, and C are proposed where Pond #1 was to be located. [Note: Ponds 2, 3 and 4 were constructed].
January 7, 1986	Memo to file regarding tailings pond modifications. Pond designs must comply with State Health requirements. A cost estimate for reclamation of the proposed ponds is required. Additional bonding will not be required at this time due to the excess in the current bond amount for the main tailings pond and Hunter shaft area, which are not yet disturbed.
January 21, 1986	Letter to SMC regarding review of final report. The Division will not require additional test plots until such time that it can evaluate the effectiveness of recent reclamation of several abandoned mine sites in the Tintic area (2-3 years from now).
No date	Received Annual Operations and Progress report for 1985.
January 22, 1986	Memo to file regarding 1/21/86 site tour and meeting at SMC's regarding Trixie Mine Tailings Ponds. Accurate watershed map needs to be submitted. Reclamation of the tailings ponds was also discussed. Agreement reached that the natural drainage would not be redirected through the reclaimed ponds and the drainage would continue to be diverted to the north of the ponds.
January 30, 1986	Letter from SMC addressing the remaining issues relations to the Tailings Ponds Modification application.
February 5, 1986	Letter to SMC regarding the 1/30/86 submittal of the tailings pond.

The peak flow values are calculated and sent. The diversion must be designed to handle the 10 yr - 24 hr precipitation event. Plans for the final permanent diversion must utilize a 100 yr - 24 hr design event.

February 18, 1986

Copy of letter from Department of Health to SMC regarding application for a permit to construct and operate tailings ponds. The general design and location are feasible; however, inadequacies need to be corrected and additional information submitted and approved prior to issuance of a permit.

February 19, 1986

SMC planning to complete a surface drill hole in already permitted and bonded area. The drill hole is needed to gain approval from BWPC to use ponds for mine dewatering. Depending upon drill results, this hole may be developed into a monitoring well for future ground water testing at the site.

March 25, 1986

Letter from SMC enclosing calculation summary of required flow values used in designing the Trixie pond area diversion canal. Also enclosed is a plan map.

May 23, 1986

Memo to file regarding SMC's 12/20/85 submittal to construct tailings ponds for the Trixie mine. It is recommended that this application be approved pursuant to the hydrology regulations.

June 13, 1986

Copy of Department of Health's (DOH) letter to SMC. DOH has not received information on liner material of a low permeability, final pond approval is not possible at this time. DOH needs information on the method of lime addition to neutralize the acid forming potential. The dike construction conforms to regulations; however a permit cannot be issued until adequate pond liner material is demonstrated.

June 11, 1986

Letter from SMC. DOH requests SMC drill an additional hole in the area of the mine water dispersion ponds to define downward flow gradient in the aquifer. This hole will become a permanent monitor well upon completion.

September 19, 1986

Letter to SMC requesting SMC analyze and submit the CaCO_3 percent in the tailings material. When such time the Acid Base Potential (ABP) is known an adequate reclamation plan may be devised.

November 7, 1986

Chief Consolidated Mining Company's letter to shareholders reporting Sunshine's plans for a major reopening of the Burgin Mine.

November 10, 1986

Letter from SMC submitting the results of the ABP test of the Trixie tailings.

December 2, 1986	Copy of letter from SMC to Steve McNeil, DOH regarding their review of the tailings ponds construction permit. Information required has been submitted. SMC does not currently require a tailings pond system, but would like approval in order to increase the flexibility and options the operation may have to re-open or possibly run at a reduced scale.
December 10, 1986	Letter from SMC with 12/2/86 letter to DOH enclosed. During recent telephone conversation, the Division approved all the data needed to construct the ponds. The only requirement needed is a bond or rider to cover the reclamation costs for the new tailings pond area. Woods Petroleum is completing the necessary work for this requirement.
January 5, 1987	Request for 1986 annual report.
March 4, 1987	SMC presented letter to BWPC Board meeting. SMC has no immediate plans to use the dispersion ponds for mine discharge water.
March 5, 1987	Received SMC's annual report for 1986. The operation is in a standby maintenance mode.
November 16, 1987	Chief Consolidated Mining Company's letter to shareholders. The Trixie gold mine was reopened by Sunshine in late October, 1987 after being closed for over two years. Production expected to resume within the next several weeks. SMC recently signed an agreement with Kennecott to furnish ore to Kennecott's Utah smelter. The current proven and probably Burgin Mine reserves have a gross metallic value of over one-third of a billion dollars at current metals prices.
December 4, 1987	Request for 1987 annual report.
January 8, 1988	Received 1987 annual report. Operation was in a shutdown - caretaker status.
March 7, 1988	File review prepared by Division staff. Review recommends SMC provide one consolidated plan upon re-opening their mines and mill. The lack of addendum A to the surety is noted. (Review provides a concise description of permit and bonding activities).
May 26, 1988	Site Inspection of 5/17/88 memo to file. SMC currently mining ore from the Trixie Shaft. Ore is then hauled to Kennecott smelter. The main offices are located at the Burgin Mill and shaft area. The mill has been run only briefly in 1985 when Kennecott shut down. The mill was forced to shut down when it ran out of approved tailings storage area. SMC is currently evaluating the possibility of reopening the

mill. SMC will have to obtain approval from the Bureau of Water Pollution Control for a new set of tailings ponds and for mine water discharge prior to this happening. SMC will need to amend Attachment A of the bonding agreement. Forms were left during the visit.

February 3, 1989	Request for 1988 annual report.
February 13, 1989	Received 1988 annual report. Trixie mine only mined ore during the year. If financing becomes available, development at the Burgin will commence.
June 1989	Newspaper clipping - Chief Aims Suit at Sunshine. Chief filed suit in federal court charging SMC with racketeering and other wrongdoings. The suit contended that SMC claimed ore production would begin in 1988 and by the end of 1994 total net smelter returns were to top \$351 million. The suit claims that SMC didn't mine a single pound of ore, but sold or participated in sale of more than \$100 million of SMC securities. But the promise of ore reserves at the Burgin and intention of going into production benefited only SMC and not Chief. It was also a fraud upon the investing public. Chief concluded that SMC's motives were not consistent with its lease obligations.
December 11, 1989	Chief Consolidated Mining Company's letter to shareholders. Chief informed public that it filed a lawsuit on June 7, 1989 against SMC for not developing the Burgin mine as agreed to in the lease; but SMC had instead wrongfully exploited Chief's properties by Racketeering methods (RICO) selling securities on the strength of high grade silver and base metal reserves without SMC intending to mine the ores. On November 27, 1989, the US District Court Judge ruled in favor of SMC to dismiss the RICO claims brought against them by Chief. The Court's ruling on the RICO issue does not affect the remaining causes against SMC involving the mining leases.
January 5, 1990	Request for 1989 annual report.
January 29, 1990	Received 1989 annual report. Trixie mine is active; Apex-Burgin mine on standby status.
March 13, 1990	Notice of Intention to Revise Mining Operations faxed and hard copy sent to SMC.
November 19, 1990	Speed Message to file: The Division told SMC they would prefer the proposed expansion be submitted as an amendment/revision to the existing LMO M/049/009. In the interim, they can begin roadwork,

etc. under the EXP, just include an explanation in the cover letter explaining the work to be done and that the disturbance will be under 5 acres. SMC said they would fill out our forms and submit something soon.

December 28, 1990	Request for 1990 annual report.
January 22, 1991	Received 1990 annual report. Trixie mine was active; Apex in exploration only; Burgin inactive.
April 29, 1991	SMC notifies Division of desire to continue and expand their Zuma pit operation. SMC requests reassigning currently unused portions of their reclamation bond to the Zuma operation. A first draft Notice of Intent to Revise Operations is submitted. SMC suggests reassigning bond portions for the Hunter shaft (\$48,100) and/or tailings pond (\$17,450). The Zuma operation is estimated to disturb 7 acres.
November 6, 1991	Received SMC Notice of Intent to Revise. The Hunter shaft will most likely not be developed. No work has been performed there to date. The tailings pond modification was approved by the Division, but no work has been performed yet. SMC proposes reassigning one or both bond amounts for these areas. Variances are requested to leave the Zuma pit's south highwall as is, and bench the north highwall. Additional variances for topsoil (none was salvaged during the pre-act operation) and a runoff diversion ditch are requested.
November 22, 1991	Chief Consolidated Mining Company's letter to shareholders. Lawsuit to begin on August 5, 1991 in Provo, Utah was postponed until February 1992. After hearing oral arguments on August 12, 1991, the Court affirmed a final ruling that dismissed from the lawsuit Chief's claims against SMC premised upon SMC's breach of its mining leases with Chief and SMC's failure to proceed with mining. Chief is filing an appeal to the US Supreme Court.
December 3, 1991	Letter to SMC stating there would be a 30-45 day delay in reviewing the 11/6/91 revision due to a backlog of other permit reviews.
December 5, 1991	Letter to SMC acknowledging receipt of completion of the Trixie and Eureka Standard - Apex Project exploration program. The Zuma and Kiron King exploration permit has also been completed but not reclaimed.
December 19, 1991	Newspaper article - Salt Lake Tribune. Idaho Silver Mine Warns Creditors of Liquidation. SMC may be facing bankruptcy liquidation unless debts are reduced and silver prices improve.

December 19, 1991	Memo to file. Division performed a site inspection 12/18/91. The Hunter shaft, tailings pond and Zuma pit areas were visited. The shaft and tailings pond are proposed facilities with no existing disturbance at this time.
January 10, 1992	Letter from SMC showing partial copy of the Eureka 7 ½ degree quadrangle map showing the generalized permitted, nonpermitted, and in "limbo" areas.
January 13, 1992	Request for 1991 annual report.
January 27, 1992	Received 1991 annual report. Trixie Mine waste rock dump was expanded by 0.15 acres. The Zuma Pit disturbed 1.2 acres which includes road construction and the removal of an existing waste rock dump.
March 25, 1992	Letter from Sunshine enclosing maps to accompany SMC's amendment to include the Zuma pit.
May 13, 1992	Criteria for defining amendments and revisions. This proposal is considered an amendment.
June 19, 1992	Review of Permit Amendments received November 6, 1991, January 10, 1992 and March 25, 1992. Deficiencies noted. Draft surety estimate attached. The Division is comfortable with reassigning a portion of the existing \$737,000 bond to the Zuma project for the time being.
July 23, 1992	Letter to SMC thanking them for the field tour conducted on July 2, 1992.
August 28, 1992	Letter from SMC responding to June 19, 1992 Division letter.
September 1992	Article from "Pay Dirt" Magazine - "Eureka, home of Tintic District, marking its centennial.
November 16, 1992	Excerpt from Press Release issued by Chief Consolidated Mining Company. Chief Consolidated Mining Company announced that it has settled its lawsuits brought in the federal and Utah State courts against SMC. Under the terms of the settlement SMC transferred to Chief all of SMC's other property holdings and interests in Utah's Tintic Mining District. Also, under the terms of the settlement agreement, SMC purchased 50,000 shares of unregistered Chief common stock from Chief.
December 9, 1992	Final Approval of Zuma Pit permit amendment sent to SMC.

December 21, 1992	Article from Chief Consolidated Mining Company to Shareholders. On November 13, 1992, agreement was reached between Chief and SMC wherein SMC terminated its two leases with Chief. Chief took back full control of a 6,400 acre area of its properties located in the East Tintic Mining District, which includes the Burgin orebody and other Burgin property assets. Also, SMC transferred full ownership of SMC's other properties and claims in Utah.
January 4, 1993	Request for 1992 annual report.
January 26, 1993	Copy of SMC's bond faxed to Randy Skanchy (attorney).
January 27, 1993	Received 1992 annual report from SMC. Mine is active, 50,002 tons flux and 38,901 tons clay mined. Property is under new management- Chief Consolidated Mining Co. and South Standard Mining Co.
February 19, 1993	Received letter from South Standard Mining Company. Notice of Intention to amend mining operations, submitted on behalf of South Standard Mining Company for the Trixie Shaft area. No significant change in the operations or reclamation of the Trixie is anticipated under South Standard's management. As this notice is splitting out one permit area from an NOI covering several, an amendment was felt to be more appropriate than simply a transfer of the NOI. A fully executed Transfer of Notice of Intention is included with this letter, together with a partially completed reclamation contract.
March 8, 1993	Letter to SMC. Division is aware that a recent court decision has changed the operator status for the Burgin Project; however, the Division has not been formally notified of changes in permitting responsibility. The 12/9/92 letter has not been responded to regarding reassignment of a portion of the existing surety to cover the Zuma Pit amendment; wherein the Division asked for acknowledgment regarding the omission of the Hunter Shaft and inclusion of the Zuma Pit. The Division cannot release the portion of the existing SMC bond for the Trixie area until an acceptable replacement surety is approved by the Board. Also, the surety covering the remaining portions of the Burgin project cannot be released until replacement surety is approved. Please provide the name and address of the new contact person for this project is appropriate.
March 22, 1993	Letter to South Standard. Due to a backlog of other permit reviews, 30-45 more days needed to review amended NOI for the Trixie Shaft area.

March 25, 1993	Letter from SMC in response to 3/8/93 letter. In November 1992, SMC and its wholly-owned subsidiaries entered into an agreement with Chief Consolidated Mining Company and South Standard Mining Company, whereby SMC relinquished all its interests in the East Tintic Mining District effective January 1, 1993. This agreement allowed South Standard to assume operational control of the Trixie and surrounding claims, while Chief took possession of the remaining properties, including the Zuma Pit, Apex Shaft, Burgin Mine and Mill, Hunter Shaft area, tailings ponds, etc. It was also agreed that until SMC's bond is released by replacement bonds, SMC's liabilities and responsibilities under the current permit, plan and bond shall continue in full force and effect. However, no mining or development is to take place until replacement bonds have been posted.
May 21, 1993	Review of South Standard Mining's Trixie Mine with deficiencies noted, sent to South Standard. Also copy faxed to Allan Young of SMC.
May 26, 1993	LMO and reclamation surety estimate faxed to Allan Young of SMC. Original LMO & surety estimate sent to Thomas Henry.
June 1, 1993	Faxed power pole reclamation cost to Allen Young of SMC.
July 22, 1993	Received annual report of Chief Consolidated Mining Company
December 13, 1993	Request for 1993 annual report sent to SMC.
March 28, 1994	Press release received from Chief Consolidated Mining Company (Chief). Chief announced today that it had entered into an agreement with AKIKO Gold Resources Ltd. providing creating of a joint venture for the development of Chief's East Tintic Mining District properties.
April 26, 1994	South Standard posted replacement surety bond in the amount of \$39,800 for the Trixie mine.
June 25, 1994	Newspaper article (Deseret News). Chief, owner of the Burgin Mine, and Akiko Gold of Canada will reopen the mine.
July 15, 1994	Copy of letter from DWQ to Chief. It has come to DWQ's attention that the Burgin Mine is being proposed to be placed back into operation under a joint venture in the near future. SMC's previous construction permit, issued in 1986, had expired and no further extensions would be issued. Any activities related to the mine which impact ground water must be submitted at least six months before the permit is needed.

August 4, 1994	Phone call from Tom Gast of Environmental Management Services (EMS). He has been hired by Chief to carry out the permit transfer process for the remaining Burgin, Apex and Hunter shaft properties presently permitted by SMC. Mr. Gast will be contacting the Division to set up a meeting in the near future to discuss how to permit the remaining mining properties bonded by SMC that were not assumed by South Standard (who recently permitted only the Trixie Mine).
August 26, 1994	Informational document submitted by Chief regarding planned exploration activities Apex No 2 Shaft project. This shaft is part of the Burgin mine complex permit under SMC as operator and Chief as property owner. SMC has relinquished the property to Chief and Chief has begun preparation of a Transfer of NOI, which is planned to be completed and filed by the end of 1994.
September 7, 1994	Letter to Chief. The Division has reviewed the 8/26/94 Information Document. The Division determined that the proposed activity falls within the permitted area as outlined under SMC's existing permit. This exploration activity will not require any additional permitting action from the Division.
December 15, 1994	Request for 1994 annual report.
January 23, 1995	Received 1994 annual report from Burgin Mine Joint-Venture. Mine active; 1,000 tons of development rock mined. Will continue underground drifting and drilling Permit transfer in preparation.
March 13, 1995	Copy of Dow Jones News 2/22/95. Chief unveiled results of its first two drill holes in the silver-lead-zinc reserves of the company's Burgin orebody in Tintic, Utah.
July 20, 1995	Letter from Aetna Insurance Company - regarding SMC's surety bond #18 S 100125197. Aetna requests current status of mining reclamation. If the bond can be terminated, please provide that release. If not, please advise anticipated completion date.
August 2, 1995	Response letter sent to Aetna Insurance 7/18/95 letter. SMC no longer operator or holds title to the Apex/Burgin or Trixie Mine properties. The properties have reverted back to their original owners, South Standard Mining Company (Trixie) and Chief Consolidated Mining (Apex/Burgin). The Division knowledge, no reclamation has been performed at the Apex/Burgin mine to date, and operations remain in temporary suspension. Chief has performed and is currently conducting some underground mine development under the existing Apex/Burgin mine permit. Chief has not formally transferred the

Apex/Burgin mine permits from SMC or posted a replacement reclamation surety. Chief is working on the process, but until a new replacement suety is posted, and approved by the Board, we are unable to release SMC's reclamation bond.

August 21, 1995	Letter received from SMC requesting a reduction of reclamation liability for the portion that is now covered by a replacement reclamation surety posted by South Standard.
November 17, 1995	Chief's Interim Report to Shareholders. Korea Zinc Co. Ltd. purchased 500,000 shares from Chief representing 9.5%. Korea Zinc's proposed entry into the joint venture
December 13, 1995	Request for 1995 annual report.
February 7, 1996	News release - Chief reports assay results of its latest drill holes.
March 7, 1996	Letter to SMC regarding their 8/18/95 surety bond reduction request. South Standard submitted \$39,800 replacement bond for the Trixie mine. Chief has not filed a replacement bond, transfer form or new permit application for the remaining Apex and Burgin mine properties. The Division authorizes reduction of the existing surety by \$39,800. This can be accomplished via a rider to the existing surety.
March 27, 1996	Letter to SMC stating the Division is in receipt of the rider from Aetna Insurance which reduces the bond from \$737,000 to \$697,200 - the difference of \$39,800 which South Standard posted. The Division awaits the permit transfer from SMC to Chief for the Apex/Burgin.
No date	annual report of Chief Consolidated Mining Company for the year ended December 1995.
December 10, 1996	Request for 1996 annual report.
November 20, 1996	Received Chief's Interim report to shareholders. Thyssen Mining Construction of Canada, Ltd., entered into an agreement with Tintic Utah Metals LLC, the joint venture entity that was formed to develop the new Burgin mine.
February 14, 1997	Received faxed copy from Tom Gast of the cost basis for the Burgin permit transfer. Would appreciate Division comments regarding the cost format and cost factors they are using.
February 24, 1997	Received copy of letter from DWQ to Tintic Utah Metals (Tintic). DWQ has received Tintic's application for a UIC Class V area permit

for the Burgin mine. The permit review should be finished before the end of February.

June 9, 1997

Received copy of DWQ's deficiency review of the UIC permit to Tintic.

June 16, 1997

Received letter from Tintic. Enclosed two copies of request to transfer the Burgin mine large mining permit from SMC to Tintic Utah Metals LLC.

June 27, 1997

Received letter from SMC. They received a copy of Tintic's 6/16/97 letter regarding the transfer. Please advise when SMC can expect to have the \$697,200 bond released.

June 30, 1997

Received copy of DWQ letter to Tintic regarding request for permit application data on the geothermal energy facilities for Mother Earth Industries and Utah Power. Neither of these facilities has filed an Underground Injection Control (UIC) permit application.

July 7, 1997

Letter sent to SMC responding to their 6/27/97 letter regarding the release of the surety bond. Before the Division can release SMC's surety the Division needs to review the transfer application from Tintic, verify the new proposed reclamation cost estimate and have the replacement surety from Tintic in place. We anticipate this to be completed near the end of October, 1997.

SUNSHINE MINING COMPANY (SMC)

M/049/009

Bonding Summary

(January 16, 1992)

	Area Within Permit Boundary (acres)	Area Currently Disturbed (acres)	Area Currently Bonded by DOGM (acres)	Itemized Bond Amount 1984 - \$ (3)
Apex Shaft Area	2.8	2.0 (?)	2.8	41,440
Trixie Shaft Area	11.4	3.8 (?)	4.95	37,320
Hunter Shaft Area*	10.0	0	5.71	48,100
Burgin Mill Area	57.9	29.4 (?)	29.4	129,600
Burgin Tailings Pond*	41.37	28.67 (?)	28.67	39,310
Burgin Settling Ponds	180.0	26.0 (?)	26.0	30,750
Trixie Tailings Pond #1*	0	0	0	0
Trixie Tailings Ponds #2-4	2.2 (?)	2.2 (?)	0	[4,920 (1)]
Trixie Tailings Ponds A,B,C*	10.01 (?)	0	0	[17,450 (2)]
Zuma Clay Operation	7*	5	0	[11,400*]

- * Denotes proposed project
- (?) Need verification from operator
- (1) SMC estimate in 1985 dollars, not currently bonded by DOGM
- (2) SMC estimate in 1986 dollars, not currently bonded by DOGM
- (3) These values do not include the 10% contingency or escalation to 1995

Note: Current bond held by DOGM is for \$737,000 in 1995 dollars